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The orientation towards innovation of spa hotel management: the case of Romanian spa industry

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Abstract

The aim of this paper is to analyze the orientation towards innovation of the Romanian hotel managers in the spa industry. In order to determine this aspect, a pilot study based on an online questionnaire was applied to the hotel employees working in the industry, by analyzing the openness to innovation and involvement of employees in the innovation process. Firstly, the literature regarding innovation in services, hospitality and innovation orientation was reviewed. Secondly, the contextual background in which the study was developed (the Romanian spa industry) was analyzed. Thirdly, the results of the pilot study undertaken in order to determine the innovation orientation of the hotel managers of the spa industry were presented.

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1. Introduction

Innovation is an intensely studied topic. In time, many definitions of the concept were framed by several researchers. One of the widespread definitions of innovation is given by the OECD's Oslo Manual. According to the Oslo Manual, an innovation is "the implementation of a new or significantly improved product (good or service), or process, a new marketing method, or a new organizational method in business practices, workplace organization or external relations" (The Organization for Economic Cooperation and Development, 2005). By analyzing several definitions of the innovation concept, it can be noticed that there are four different perspectives: many authors define

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innovation as a process, while other state that innovation can also be a function, an activity or a result. Either way, innovation is equivalent with the creation or development of something new.

In the tourism and hospitality industry, innovation research intensified after 2005. If before the 2000's, researchers were focusing their efforts on identifying the main particularities and types of innovation in tourism (Hjalager, 1997; Hjalager, 2002; Tetzschner & Herlau, 2003) or to analyze the innovation cases from the industry (Tetzschner & Herlau, 2003; Enz & Siguaw, 2003), after 2005 they started to investigate the relationship between innovation and other variables (Vila, Enz & Costa, 2012), to identify innovations' success factors (Ottenbacher & Gnoth, 2005; Ottenbacher, 2007) or to analyze firms' innovative behavior and its determinants (Sundbo, Orfila-Sintes & Sørensen, 2007; Orfila-Sintes & Mattsson, 2009; Meneses & Teixeira, 2011). Because most of these studies were undertaken in developed countries, with a high level of innovation, in this paper we approach the topic of innovation in a developing country. Therefore we consider it would have been radical to determine whether the Romanian spa industry innovates or not, so we chosen first to establish if there exists' orientation towards innovation.

This paper first gives a brief overview of the studies on innovation in services and hospitality and innovation orientation. After, it presents the context of research – the Romanian spa industry – and the research methodology, along with the main results that were obtained.

2. Innovation and innovation orientation in hospitality services

2.1. Innovation in services

Innovation in services or service innovation has its particularities that differentiate the concept from innovation in the industry sector. Gallouj and Weinstein (1997) stated that service innovation is characterized by service particularities such as intangibility, perishability or simultaneity, which also helps reduce the gap between the service provider and the consumer, gap that exists in other industries because there is no interaction between the two parties.

Therefore, defining service innovation is not an easy task. Kandampully and Duddy in Mudrak, van Wagenberg and Wubben defined it as follows: "Service innovation is the process through which a firm undertakes changes in its philosophy, culture, operations and procedures to add value to the result of the service or product for the benefit of the customer" (Mudrak, van Wagenberg & Wubben, 2005: 104). Another definition of the concept was suggested during the Cornell Hospitality Roundtable: "Service innovation is the introduction of new or novel ideas which focus on services that provide new ways of delivering a benefit, new service concepts, or new service business models through continuous operational improvement, technology, investment in employee performance, or management of the customer experience" (Verma et al., 2008: 8). This second definition of the concept is more complex than the first one, especially because the innovational efforts are fueled by the organization itself and by its employees, as well as by customer feedback.

Another aspect regarding service innovation, highlighted by Verma et al. (2008) refers to the key elements of service innovation:

- customer focused – in order to exceed the customer's expectations;
- process focused – to improve and adapt the products and services by using new technologies or new methods of organizing the innovation process;
- continuous improvement oriented – in order to seek out the tendencies in the industry that can provide intuitive services to the customer.

By focusing on the elements highlighted by Verma et al. (2008), a service providing organization can improve its innovative behavior, increase its competitive advantage or performance. Studies regarding the innovative behavior in hotels will be presented below.

2.2. *Innovation in hospitality*

The research regarding hospitality innovation highly intensified after the year 2000, but still is not by far as well developed as in industry.

Studies regarding innovation in the hospitality industry were undertaken by Orfila-Sintes, Crespi-Cladera and Martinez-Ros (2005), Ottenbacher and Gnoth (2005), Sundbo, Orfila-Sintes and Sørensen (2007), Martinez-Ros and Orfila-Sintes (2009), Orfila-Sintes and Mattsson (2009), López-Fernández, Serrano-Bedia and Gómez-López (2011) or Vila, Enz and Costa (2012).

In order to identify the influence of several organizational aspects on innovation and innovative behavior, many authors analyzed the relationship between the firms' dimension and innovation (Sundbo, Orfila-Sintes & Sørensen, 2007; Orfila-Sintes & Mattsson, 2009; Orfila-Sintes, Crespi-Cladera & Martinez-Ros, 2005; Martinez-Ros & Orfila-Sintes, 2009; López-Fernández, Serrano-Bedia & Gómez-López, 2011) or the influence of chain structure on innovation (Orfila-Sintes, Crespi-Cladera & Martinez-Ros, 2005; Martinez-Ros & Orfila-Sintes, 2009; López-Fernández, Serrano-Bedia & Gómez-López, 2011).

Orfila-Sintes and Mattsson (2009) analyzed the innovative behavior of the hospitality industry by identifying the factors that influence the decision-making process. Taking into account the service providers' and customers' competencies, they determined that the hotels' dimension and employees' qualification – as service provider competencies and customer competencies – positively influence the decision to innovate and the hotels' innovative behavior. Another aspect analyzed by several authors was the chain structure (Orfila-Sintes, Crespi-Cladera & Martinez-Ros, 2005; Martinez-Ros & Orfila-Sintes, 2009; López-Fernández, Serrano-Bedia & Gómez-López, 2011), that also has a positive influence on hotel innovation and innovative behavior.

Also, in order to foster the development of new products, managers should give more credit to the innovative capacity of their employees. Orfila-Sintes and Mattsson (2009) stated that staff members with higher education are positive determinants of innovations.

To identify the factors that determine the innovations' success, Ottenbacher and Gnoth (2005) developed a study in the German hospitality industry. While analyzing the feedback to their survey, they came to the conclusion that market selection, strategic human resources management, training of employees, market responsiveness, empowerment, behavior-based evaluation, marketing synergy, employee commitment and tangible quality are the innovations' success factors for the hospitality industry (Ottenbacher & Gnoth, 2005).

Several factors highlighted by Ottenbacher and Gnoth (2005), such as training of employees, empowerment or behavior-based evaluation can also point out the innovation orientation of a hotel's management.

2.3. *Innovation orientation*

There are few studies regarding innovation orientation, but many regarding market and customer orientation (Engelen, Schmidt, Strenger & Brettel, 2013). From 1992 to 2005, Siguaw, Simpson and Enz (2006) identified 17 studies mentioning innovation orientation and between 2005-2013 there were identified 6 more studies containing the collocation in their title. Even if the research on this topic is still young, there are some aspects that help researchers pursue their work.

Innovation orientation can be defined as “a learning philosophy in which firms have common standards and beliefs about learning and knowledge that pervade and guide all functional areas toward innovation” (Siguaw, Simpson & Enz, 2006). In other authors' opinion, innovation orientation can be related to innovativeness and innovation capacity (Hurley & Hult, 1998), where innovativeness is the openness to new ideas and the innovation capacity is the organizations' ability to successfully adopt new ideas, products or processes.

Being a multidimensional concept, there are some specific elements that characterize the orientation towards innovation. Providing the climate for innovation, reflected by the encouragement of new ideas is a first dimension of innovation orientation (Siguaw, Simpson & Enz, 2006; Sarros, Cooper & Santora, 2008). A second dimension refers to entrepreneurial intent or the strategic intention to develop new products or enter new markets (Siguaw, Simpson & Enz, 2006), while the third takes into account the involvement of employees in the innovation process (Amabile, 1997). Another aspect that should be taken into account when talking about innovation orientation is the intention of

being technologically innovative (Kundu & Katz, 2003). An organization can be technologically innovative when it concentrates its efforts on the introduction or adoption of new technologies and similar resources. Siguaw, Simpson and Enz (2006) identified other three aspects regarding innovation orientation: learning philosophy – defined by three principles: the importance of creativity, openness to innovation and positive attitude towards risk; strategic direction – the firms' strategies are oriented towards innovation, which is viewed as something intentional and well established; transfunctional acclimation – refers to the connections and knowledge transfer between the organization's departments.

Therefore, innovation orientation can be defined as the adoption, at organizational level, of the attitudes or strategies that constantly encourage the introduction of new products and services in order to increase competitiveness and performance, by using the organizations' material, human and financial resources.

3. The Romanian spa industry

The natural resources that can be found in Romania can further the development of spa tourism and its different types: wellness, medical, illness prevention or post-traumatic recovery. The exploitation of these curative natural resources since antiquity promoted the Romanian spa industry worldwide. At the beginning of the 20th century, Romanian spa resorts competed with other famous European resorts such as Karlovy Vary, Marienbad or Vichy. Nowadays, the Romanian Ministry of Tourism recognizes about 35 resorts (The Romanian Spa Resort Guide, 2011) considered to have national or international potential, even if their real number rises over 70.

In order to classify them, the main criterion taken into account is the type of disorder that can be treated. Therefore, the Romanian Spa Association identified seven types of disorders that can be treated in spa resorts all over the country:

- Cardiovascular disorders – can be treated in resorts such as Băile Tușnad, Buziaș, Covasna and Vatra Dornei;
- Rheumatic disorders – the resorts specialized in the treatment of this sort of diseases are Amara, Bazna, Băile Felix, Băile Herculane, Moneasa, Ocna Sibiului, Praid, Eforie Nord, Mangalia and Saturn;
- Respiratory disorders – are treated in the following resorts Băile Govora, Slănic Moldova and Slănic Prahova;
- Digestive and internal disorders – can be treated in Băile Olănești, Călimănești-Căciulata, Pucioasa and Sângerz Băi;
- Gynaecological disorders – the only resort where these illnesses are treated is Sovata;
- Neurological disorders – the most famous resort for these affections is Geoagiu Băi.

Regarding the accommodation facilities in the Romanian spa industry, between 2009-2012 their number increased from 377 to 488, which means an increase of 22,75%. Table 1 presents the evolution of the number of accommodation facilities (Romanian Tourism Statistical Abstract, 2010; Romanian Tourism Statistical Abstract, 2011; Romanian Tourism Statistical Abstract, 2012; Romanian Tourism Statistical Abstract, 2013):

Table 1. Main types of accommodation facilities in Romanian spa industry

Accommodation facility type	2009	2010	2011	2012
Hotels	118	120	135	137
Private homes	83	78	73	81
Guest houses	79	86	98	147
Agritourism guest houses	34	43	39	50
Other accommodation facilities ^{*)}	63	59	68	73
TOTAL	377	386	413	488
% of hotels	31,30	31,09	32,69	28,07

^{*)} In this category are included: motels, inns, hostels, bungalows, camping, chalets, camps, cottages, accommodation on ships.

It can be noticed that the major categories are hotels and guest houses. Since 2009, their number has continuously increased. If between 2009-2011, hotels formed the main category, holding over 32 % of the total accommodation facilities, in 2012 they were outnumbered by the sudden increase in guest houses, currently holding about 30% of the sum total.

4. Research methodology

In order to see if the Romanian spa industry hotels' management is oriented towards innovation, between June and July we conducted a pilot study based on an online questionnaire. The hotels were selected from the Romanian Spa Association database and were first contacted by phone, in order to determine whether they would agree or not to take part in the pilot study. If the hotel managers or other persons in charge agreed to take part in the study, they were sent an email containing the link to the questionnaire. We received responses from 46 employees of 3 and 4 star hotels from the spa industry. Many managers and employees were very reluctant to answer the survey, mostly invoking lack of time as the main reason of refusal, even if filling in the questionnaire takes no more than 5-10 minutes.

4.1. Respondents profile

To establish the respondents' profile, data regarding gender, age, level of education and seniority were required. The majority of spa hotel employees are females (65.22%), under 25 years (60.87%) with less than one year seniority. The results are presented in Table 2.

Regarding the employees' level of education, this can be an important indicator of an organization's capacity to innovate. In the case of Romanian spa industry, most employees have either bachelor or master degree, which means that they have the abilities, skills and knowledge to support the development of new products. However, it is important to find out whether the managers are oriented towards innovation or if they decide to involve the employees in the innovation process.

Table 2. Respondents profile

Variable	Frequency	Percent
Gender	46	100%
<i>Masculine</i>	16	34.78%
<i>Feminine</i>	30	65.22%
Age	46	100%
<i>Under 25 years</i>	28	60.87%
<i>Between 25-35 years</i>	16	34.78%
<i>Between 36-45 years</i>	2	4.35%
Level of education	46	100%
<i>High school</i>	12	26.09%
<i>Bachelor degree</i>	26	56.52%
<i>Master degree</i>	8	17.39%
Seniority	46	100%
<i>Under 1 year</i>	24	52.17%
<i>Between 1-5 years</i>	16	34.78%
<i>Between 5-10 years</i>	6	13.05%

4.2. Results

In order to analyze the innovation orientation, two main aspects were taken into account: openness to innovation and employee involvement in the innovation process. The variables were measured with a five point Likert scale, but because of the reduced number of responses, data were not statistically analyzed.

Openness to innovation was assessed by some attributes regarding the importance given by the hotels' management to innovation, the willingness to adopt new resources and technologies or the importance given to the employees' abilities when recruiting them. Based on the data collected, we calculated a general score measuring the openness to innovation. The 0.15 score reflects that most employees neither agreed nor disagreed that their managers are open to innovation, but there is however a slight trend reflecting that some of the spa industry hotel managers manifest a positive attitude towards innovation.

Another aspect that was analyzed in order to determine the innovation orientation was the involvement of employees in the innovation process. Therefore, employees were questioned if their manager asks them for new ideas that can help at the development of new products and services, if he/she takes into account or reward these ideas, if he/she involves employees in the decision making process regarding innovations or if their abilities help them get implied in some of the hotels' projects. Based on the responses that were obtained, a general score was calculated. In this case, the responses indicated that the involvement of the employees is negative (-0.05), which means that hotel managers only seldom involve them in the innovation process, even if they do have the abilities and knowledge to contribute in some way to the development of innovation.

Based on the aspects presented above, we can determine a general score of the innovation orientation. A 0,05 score reflects that the innovation orientation of spa hotel managers is low to medium. This result can reflect that in these hotels, innovation is discontinuous as managers are not constantly seeking to innovate.

In order to determine the general perception of employees about their relationship with the hotels' managers, aspects such as interaction and communication, merits rewarding, provision of trainings, mistakes tolerance and personal involvement were analyzed based on a 1 to 5 scale, where 1 was very poor, 5 was very good. To find out which of the following attributes is well perceived by employees, we calculated a general score for each of these aspects. The results indicate that the majority of managers have good interaction and communication abilities (a 4.22 score was obtained) and they are very involved in what they are doing (4.04). Also, their rate of rewarding the merits of employees is medium to good (3.48) and their rate of providing training is medium (3.22).

Also, we wanted to see if the managers are periodically organizing meetings regarding products improvement, if they discuss the new product or service development with teams of employees. Regarding these aspects, 73.91% of employees said that their manager is organizing periodical meetings, but 69.56% stated that he/she does not discuss and involve employee teams in the new product or service development. These last results prove once more that employees are not involved in the innovation process.

5. Conclusion

Generally speaking, we can say that the orientation towards innovation in the Romanian spa industry is low. Even if new products and services are developed, they are market-driven, therefore the role of employees in this process is not nearly as significant as in other sectors.

These results can also be the consequence of the authoritarian leadership style adopted by the majority of spa industry hotel managers (86.96%). Also, most employees (78.26%) consider that they are doing routine activities and that in the hotel they are working in, managers focus on enforcing discipline and conformity among employees. Therefore, the lack of creativity and possibility to take initiative or the fact that employees are not involved in discussion about new product or service development, are the main inhibitors of innovative behavior in spa industry hotels.

Another aspect that the employees were not satisfied with was the provision of trainings. Even if trainings and other similar activities are very important in the innovation process, managers do not seem to realize their importance.

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